

## Variable Cash Expenses Remained Relatively Unchanged in 1996

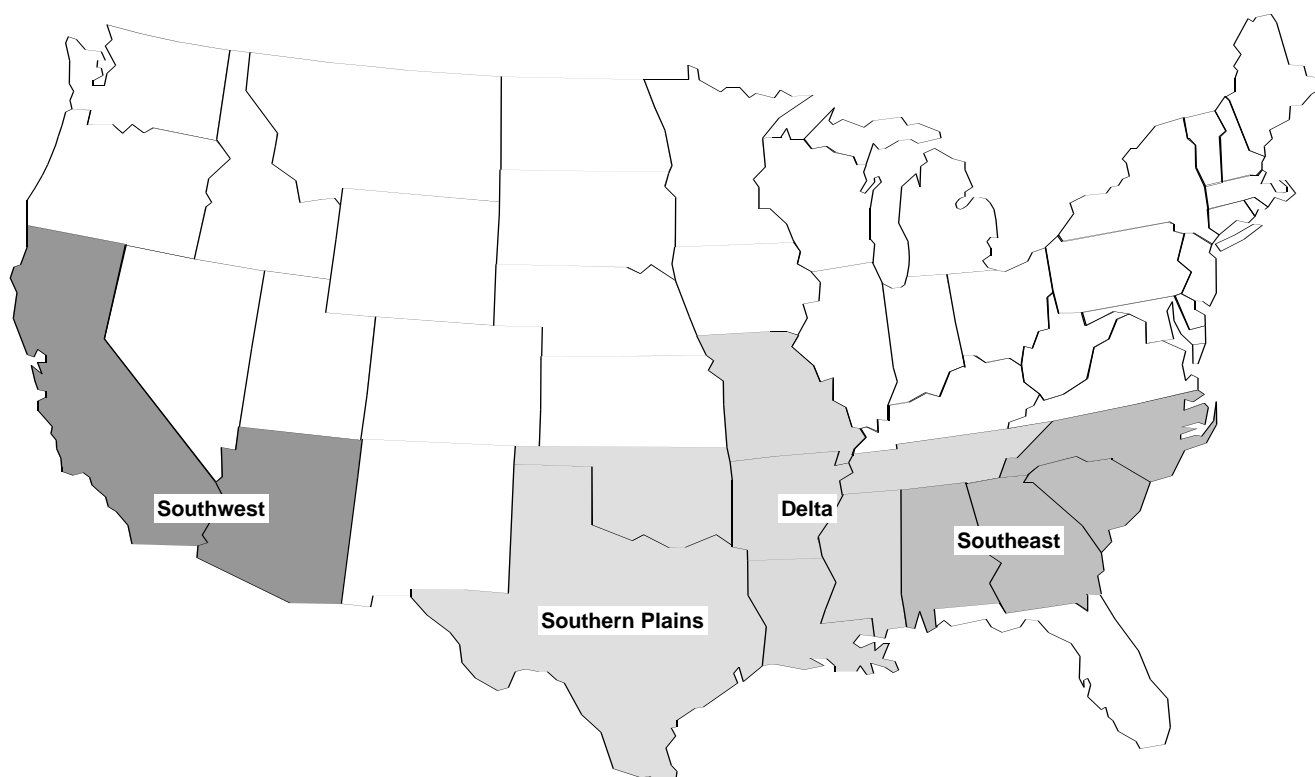
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Upland cotton planted acreage totaled 14.4 million acres, down 14 percent from 1995, and harvested acreage, at 12.6 million acres, was 20 percent less than 1995. Cotton lint production for 1996 was about 5 percent above 1995. In addition, continued strong worldwide demand for cotton has resulted in continued higher market prices. The Southern Plains continued to have weather-related problems at critical times during the production period, which resulted in the abandonment of about 30 percent of the planted acreage and a 2-percent reduction in production from 1995. Although the acreage planted to cotton was 14 percent lower in the Southeast in 1996 than in the previous year, cotton

production was up by 21 percent (compared with a 2-percent increase in the Delta, a 2-percent decrease in the Southern Plains, and a 3-percent increase in the Southwest).

Total variable cash expenses for the United States remained relatively unchanged from 1995 to 1996 on a per acre basis. Overall, the prices that cotton producers paid for their purchased inputs were relatively stable from 1995 to 1996. Regional land costs, which were influenced by the higher value of cotton, were slightly higher.

Figure 8-4  
**Cotton production regions**



Notes: Shading and patterns indicate production regions where producers were surveyed in 1991 about production practices and costs of production. Production regions are defined for each crop based on common cultural practices.

**Table 8-4A—Cotton production cash costs and returns, excluding direct government payments, 1995-96**

Item	United States		Southeast		Delta		Southern Plains		Southwest	
	1995	1996	1995	1996	1995	1996	1995	1996	1995	1996
<i>Dollars per planted acre</i>										
Gross value of production excluding (direct government payments):										
Cotton	339.85	383.84	406.13	536.61	467.18	566.19	192.40	189.19	589.34	634.70
Cotton seed	48.94	70.73	57.98	93.97	61.12	72.40	26.36	38.99	109.19	151.51
Total, gross value of production	388.79	454.57	464.11	630.58	528.30	638.59	218.76	228.18	698.53	786.21
Cash expenses:										
Seed	15.67	16.75	9.99	10.14	9.64	9.36	19.44	23.83	15.20	15.99
Fertilizer	44.89	46.53	52.71	56.61	56.19	57.44	29.58	29.34	75.44	81.67
Chemicals	50.43	50.98	82.44	82.36	85.08	88.03	21.04	20.76	54.56	57.71
Custom operations	21.69	20.92	17.37	16.98	25.18	24.78	9.80	9.44	74.26	69.83
Fuel, lube, and electricity	38.31	35.67	27.38	24.76	32.33	30.17	41.74	39.33	52.00	48.98
Repairs	28.59	29.18	34.95	35.68	42.38	43.25	34.95	35.68	40.80	41.64
Hired labor	39.91	41.86	22.58	23.75	46.91	50.75	22.92	23.69	121.54	124.45
Ginning	53.13	50.84	60.49	57.88	66.23	63.37	33.11	31.68	103.03	98.59
Other variable cash expenses	5.79	6.05	0.00	0.00	0.01	0.01	0.27	0.29	51.96	54.34
Total, variable cash expenses	298.41	298.78	307.91	308.16	363.95	367.16	212.85	214.04	588.79	593.20
General farm overhead	18.20	16.52	14.10	12.80	18.82	17.08	15.59	14.15	34.36	31.18
Taxes and insurance	23.33	23.31	19.15	19.08	22.67	22.50	18.91	18.92	49.77	49.39
Interest	20.48	19.60	24.37	23.32	27.03	25.87	10.85	10.38	43.37	41.51
Total, fixed cash expenses	62.01	59.43	57.62	55.20	68.52	65.45	45.35	43.45	127.50	122.08
Total, cash expenses	360.42	358.21	365.53	363.36	432.47	432.61	258.20	257.49	716.29	715.28
Gross value of production less cash expenses	28.37	96.36	98.58	267.22	95.83	205.98	-39.44	-29.31	-17.76	70.93
Harvest-period price (dollars/lb)	0.70	0.65	0.75	0.75	0.75	0.72	0.67	0.60	0.70	0.63
Yield (lb/planted acre)	485.50	590.53	541.51	715.48	622.90	786.38	287.16	315.31	841.92	1007.46

**Table 8-4B—Cotton production economic costs and returns, excluding direct government payments, 1995-96**

Item	United States		Southeast		Delta		Southern Plains		Southwest	
	1995	1996	1995	1996	1995	1996	1995	1996	1995	1996
<i>Dollars per planted acre</i>										
Gross value of production (excluding direct government payments):										
Cotton	339.85	383.84	406.13	536.61	467.18	566.19	192.40	189.19	589.34	634.70
Cotton seed	48.94	70.73	57.98	93.97	61.12	72.40	26.36	38.99	109.19	151.51
Total, gross value of production	388.79	454.57	464.11	630.58	528.30	638.59	218.76	228.18	698.53	786.21
Economic (full ownership) costs:										
Variable cash expenses	298.41	298.78	307.91	308.16	363.95	367.16	212.85	214.04	588.79	593.20
General farm overhead	18.20	16.52	14.10	12.80	18.82	17.08	15.59	14.15	34.36	31.18
Taxes and insurance	23.33	23.31	19.15	19.08	22.67	22.50	18.91	18.92	49.77	49.39
Capital replacement	54.79	55.93	66.33	67.70	77.87	79.48	33.39	32.19	82.13	83.83
Operating capital	8.34	7.60	8.61	7.84	10.17	8.51	5.95	5.45	16.46	15.10
Other nonland capital	19.66	20.06	22.50	22.96	23.28	23.76	14.62	14.93	30.03	30.65
Land	45.61	47.80	34.17	36.02	77.33	81.02	26.16	27.33	76.85	81.04
Unpaid labor	33.73	30.58	22.94	24.13	21.88	23.67	28.57	29.53	47.63	48.77
Total, economic (full ownership) costs	502.07	500.58	495.71	498.69	615.97	623.18	356.04	356.54	926.02	933.16
Residual returns to management and risk	-113.28	-46.01	-31.60	131.89	-87.68	15.41	-137.28	-128.36	-227.49	-146.95
Harvest-period price (dollars/lb)	0.70	0.65	0.75	0.75	0.75	0.72	0.67	0.60	0.70	0.63
Yield (lb/planted acre)	485.50	590.53	541.51	715.48	622.90	786.38	287.16	315.31	841.92	1007.46

Source: Economic Research Service, U.S. Department of Agriculture.